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ORIGINAL



May 23, 2006

VIA HAND DELIVERY - RETURN COPY

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW (7th fl.)
Washington, DC 20423-0001

216 594

Dear Secretary Williams:

Enclosed for filing in STB Finance Docket No. 34818, City of Jersey City, et al.-Petition for Declaratory Order, are the original and ten copies of the Petition for Leave to File a Reply of Intervenors, 212 Marin Boulevard, L.L.C., et al., and of the tendered Reply.

Additional copies of this letter, the Petition and the Reply are enclosed for you to stamp to acknowledge your receipt of them and to return to me via the messenger.

If you have any question concerning the foregoing which you believe I may be able to answer or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Charles H. Montange, Esq.
Robert M. Jenkins III, Esq.

ENTERED
Office of Proceedings

MAY 23 2006

Part of
Public Record

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

216594

STB Finance Docket No. 34818



CITY OF JERSEY CITY, RAILS TO TRAILS CONSERVANCY,
PENNSYLVANIA RAILROAD HARSIMUS STEM EMBANKMENT
PRESERVATION COALITION,
AND NEW JERSEY STATE ASSEMBLYMAN LOUIS M. MANZO –
PETITION FOR DECLARATORY ORDER

PETITION FOR LEAVE TO FILE A REPLY

Carmine R. Alampi
Alampi & De Marrais
1 University Plaza (Ste. 404)
Hackensack, NJ 07601
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ENTERED
Office of Proceedings

Fritz R. Kahn
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MAY 23 2006

Part of
Public Record

Attorneys for Intervenors,

212 MARIN BOULEVARD, L.L.C., et al.

Dated: May 23, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

STB Finance Docket No. 34818

CITY OF JERSEY CITY, RAILS TO TRAILS CONSERVANCY,
PENNSYLVANIA RAILROAD HARSIMUS STEM EMBANKMENT
PRESERVATION COALITION,
AND NEW JERSEY STATE ASSEMBLYMAN LOUIS M. MANZO –
PETITION FOR DECLARATORY ORDER

PETITION FOR LEAVE TO FILE A REPLY

Intervenors, 212 Marin Boulevard, L.L.C., 247 Manila Avenue, L.L.C., 280 Erie Street, L.L.C., 317 Jersey Avenue, L.L.C., 354 Coles Street, L.L.C., 389 Monmouth Street, L.L.C., 415 Brunswick Street, LLC and 446 Newark Avenue, L.L.C. (hereinafter collectively referred to as “Intervenors”), pursuant to 49 C.F.R. 1117.1, hereby seek leave to file the attached Reply to the Rebuttal Statement of the Petitioners, City of Jersey City, Rails to Trails Conservancy, Pennsylvania Railroad Harsimus Stem Embankment Preservation Coalition and New Jersey State Assemblyman Louis M. Manzo (hereinafter collectively referred to as “Jersey City”), filed May 9, 2006.

Intervenors are mindful of the general rule of 49 C.F.R. 1104.113(c) that a reply to a reply is not permitted. Jersey City, however, flagrantly has misrepresented the facts of record and inexplicably has disregarded the Board’s precedents. In the circumstances, acceptance of the

tendered Reply would be altogether fitting to correct Jersey City's distortions and omissions.

As the Board said in its Decision in STB Finance Docket No. 34048, Reading Blue Mountain and Northern Railroad Company—Lease and Operation Exemption—Norfolk Southern Railway Company and Pennsylvania Lines LLC, served August 1, 2001, "In appropriate circumstances, we construe our rules liberally to allow pleadings where they will contribute to a complete record without prejudicing any party or delaying the proceeding" Accord, STB Finance Docket No. 34425, City of Lincoln – Petition for Declaratory Order, served December 8, 2003; Finance Docket No. 30186, Tongue River Railroad Co.—Construction and Operation—Western Alignment, served March 11, 2003; STB Finance Docket No. 33388, CSX Corporation, et al. – Control and Operating Leases/Agreements – Conrail, Inc., et al., served May 20, 1999; STB Finance Docket No. 33323, Chicago Rail Link, L.L.C.—Lease and Operation Exemption—Union Pacific Railroad Company, served September 2, 1997.

Allowing Intervenor to file the attached brief Reply will permit the Board to have an accurate and complete record upon which to render its decision, not prejudice Jersey City and not delay the proceeding.

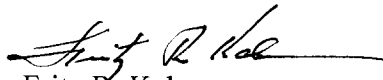
WHEREFORE, Intervenor, 212 Marin Boulevard, L.L.C., 247 Manila Avenue, L.L.C., 280 Erie Street, L.L.C., 317 Jersey Avenue, L.L.C., 354 Coles Street, L.L.C., 389 Monmouth Street, L.L.C., 415 Brunswick Street, L.L.C. and 446 Newark Avenue, L.L.C., ask the Board to receive the attached Reply.

Respectfully submitted,

212 MARIN BOULEVARD, L.L.C., et al.

By their attorneys,

Carmine R. Alampi
Alampi & De Marrais
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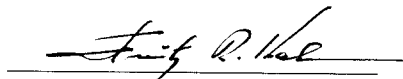

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Dated: May 23, 2006

CERTIFICATE OF SERVICE

I certify that I this day have served a copy of the foregoing Petition upon counsel for Jersey City and Conrail by facsimile transmitting and mailing copies thereof by prepaid first-class mail to their respective counsel, Charles H. Montange, Esq., and Robert M. Jenkins, III, Esq.

Dated at Washington, DC, this 23rd day of May 2006.


Fritz R. Kahn

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

STB Finance Docket No. 34818

CITY OF JERSEY CITY, RAILS TO TRAILS CONSERVANCY,
PENNSYLVANIA RAILROAD HARSIMUS STEM EMBANKMENT
PRESERVATION COALITION,
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Attorneys for Intervenor,

212 MARIN BOULEVARD, L.L.C., et al.

Dated: May 23, 2006

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, DC

STB Finance Docket No. 34818

CITY OF JERSEY CITY, RAILS TO TRAILS CONSERVANCY,
PENNSYLVANIA RAILROAD HARSIMUS STEM EMBANKMENT
PRESERVATION COALITION,
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REPLY

Intervenors, 212 Marin Boulevard, L.L.C., 247 Manila Avenue, L.L.C., 280 Erie Street, L.L.C., 317 Jersey Avenue, L.L.C., 354 Coles Street, L.L.C., 389 Monmouth Street, L.L.C., 415 Brunswick Street, L.L.C. and 446 Newark Avenue, L.L.C. (hereinafter collectively referred to as “Intervenors”), pursuant to leave granted by the Board, reply to the Rebuttal Statement of the Petitioners, City of Jersey City, Rails to Trails Conservancy, Pennsylvania Railroad Harsimus Stem Embankment Preservation Coalition and New Jersey State Assemblyman Louis M. Manzo (hereinafter collectively referred to as “Jersey City”), filed May 9, 2006.

A. Conrail’s Track Charts

Jersey City ascribes to USRA a reliance upon the Conrail track charts that the record does not permit. At page 2 of its Rebuttal Statement, Jersey City contends, “USRA in its FSP unequivocally states that it relied on track charts [extant around the time of transfer of the

Harsimus Branch to Conrail] to define what was in the various line codes [footnote omitted].”

At page 7, it says, “USRA, as we tire of repeating, stated in its FSP that it was relying on track charts for various line codes.” At page 8, it maintains, “What USRA indicated was it was relying on track charts.” At page 13 of its Rebuttal Statement, Jersey City claims, “USRA said in its FSP that those [track charts] were what was relevant.” Finally and most egregiously, at page 17, Jersey City alleges, “There is no . . . map or track charts, other than the track charts on which Jersey City relies, and which USRA itself says were the basis of the designation to Conrail.”

Contrary to Jersey City’s contention, USRA at no time said that it was relying on the bankrupt railroads’ track charts in its inventorying of their lines and related facilities. Although USRA acknowledged that the track charts were the most useful tools, it did not use them alone, to the exclusion of valuation maps and other sources for identifying the railroads’ lines. The pertinent paragraph, on page 241 of the Final System Plan, a copy of which is attached as Exhibit 1, reads, as follows:

The [four-digit] code descriptions [of the railroads’ lines] then were compared with existing reference tools, including track charts, valuation maps, United States Geodetic Survey maps, operating timetables and interlocking diagrams. In some instances physical inspections were used to verify these descriptions. The most useful tool was the railroads’ track charts which depict the route of each line of railroad including mileposts locations, highway grade crossings grade crossings with other lines of railroad, connections to other lines of railroad, overhead bridges and other engineering data.

In determining the status of the only properties in contention in this proceeding, namely, the eight parcels of the 6th Street Embankment which the Intervenor bought from Conrail in 2005, Jersey City chose to disregard the sources of information which were available to USRA. Jersey City completely ignored the one valuation map of the United New Jersey Railroad and

Canal Company which depicted the properties in question, Map No. V-1.01, ST-1, used by the Special Court, Regional Reorganization Act of 1973, in ordering the conveyance of the Line Code No. 1420 properties to Conrail. Copies of Map No. V-1.01, ST-1, were attached as Exhibit B and enclosed in the pocket of Exhibit K of the Intervenor's Reply Statement. That map permit of no doubt that the 6th Street Embankment extended from Station 0+00 or Milepost 0.0 at Waldo Avenue to Station 78+03 or Milepost 1.47 at the modified pier head line in the Hudson River, and that the segments in issue in this proceeding, the eight parcels of the 6th Street Embankment which the Intervenor's purchased from Conrail, extended from Milepost 0.18 west of Division Street to Milepost 0.88 at Luis Munoz Martin Boulevard, formerly Henderson Street.¹

Jersey City completely ignored the Pennsylvania Railroad Company's 1942 and 1954 Record of Transportation Lines, attached as Appendices X and XI to Jersey City's Opening Statement, which described the Harsimus Branch, which for clarity's sake we refer to as the 6th Street Embankment, as extending from "Jersey City, junction with Main Line, at centre [sic] of Waldo Ave. O. H. Bridge, east of Journal Square Passenger Station, to Hudson River, at Harsimus Cove, N.J." The publications gave the length of the Branch as being 1.47 miles.

Jersey City completely ignored the Pennsylvania Railroad's Engineering Report for Valuation Section V-1.01 included in the archival Valuation Maps and Engineering Reports pre-

¹ At page 6 of its Rebuttal Statement, Jersey City claims, "The maps associated with the [Fairfax Leary] deed show the portion at issue here (Waldo to former Henderson) as a classic railroad right of way [footnote omitted]." This is a total fabrication, because the map depicting the property from Waldo Avenue to Henderson Street, Map No. V-1.01, ST-1, was not attached to the deed. Only maps which included parcels of land retained by the United New Jersey Railroad and Canal Company were attached to the deed, and, since there was no retained parcel between Waldo Avenue and Henderson Street, Map No. V-1.01, ST-1 was not attached to the deed.

dating the USRA Final System Plan and conveyance to Conrail. See, Attachment D to Jersey City's Rebuttal Statement ("I was able to determine that the Harsimus Branch from Waldo to the Hudson River was subdivided into a 'First Main Track' of 1.478 miles . . .")

In its Rebuttal Statement, Jersey City discusses none of the foregoing, but, rather, rests its case upon USRA's alleged reliance upon the 1976, 1977 and 1980 Conrail track charts, attached as Appendix IX of Jersey City's Opening Statement. Jersey City, however, fails to offer any explanation of how USRA possibly could have relied upon those track charts in designating the railroad line to be operated by Conrail when each of them was drawn up after the Final System Plan had been promulgated on July 26, 1975. It simply is preposterous for Jersey City to contend, as it does, that USRA relied upon Conrail's post-designation track charts in identifying the railroad line to be operated by Conrail.

Significantly, however, those very Conrail post-designation track charts upon which Jersey City relies confirm that the eight parcels of the 6th Street Embankment which the Intervenor bought from Conrail lie between Milepost 0.18 west of Division Street and Milepost 0.88 at Luis Munoz Martin Boulevard. The intervening cross streets were, from west to east, Brunswick Street at Milepost 0.36, Monmouth Street at Milepost 0.44, Coles Street at Milepost 0.53, Jersey Avenue at Milepost 0.62, Erie Street at Milepost 0.71, and Grove Street at Milepost 0.80. These milepost designations coincide with those shown the valuation map of the United New Jersey Railroad and Canal Company depicting the segments of the 6th Street Embankment purchased by the Intervenor, Map No. V-1.01, ST-1. See, Exhibit L of the Intervenor's Reply

Statement.²

In sum, it matters not whether the Line Code No. 1420 property which was designated by USRA in its Final System Plan to be operated by Conrail as a line of railroad is called the Harsimus Branch, the Main Line of the United New Jersey Railroad and Canal Company or the Passaic and Harsimus Line of the Pennsylvania Railroad, and it matters not whether Milepost 1.0 in Jersey City was at the shore of the Hudson River or in the Waldo Avenue Yard north of CP Waldo. What was designated to be operated by Conrail was a six-mile line of railroad extending from Milepost 1.0 in Jersey City to Milepost 7.0 in Harrison. The eight parcels of the 6th Street embankment which the Intervenor bought from Conrail lay between Milepost 0.18 west of Division Street and Milepost 0.88 at Luis Munoz Martin Boulevard and, hence, were not included in the railroad line which USRA in its Final System Plan designated for operation by Conrail.

B. Deed of Conveyance

Jersey City, in effect, says that, since the deed of the United New Jersey Railroad and Canal Company, called the Fairfax Leary deed by Jersey City, referred to the property originating at the Harsimus Cove and terminating at the connection with the Penn Central Railroad Company's New York-Philadelphia Main Line, west of the New Jersey Turnpike Overhead Bridge, as the "line of railroad . . . identified as Line Code 1420 in the records of the United States Railway Association," all of it was designated by USRA to be operated by Conrail as a

² At page 4, footnote 6, Jersey falsely states, "SLH Reply Statement at Exhibit L (shows Henderson at about MP 1.3, with higher numbers in direction of Waldo)". In truth, it shows exactly the opposite, with the milepost numbers increasing from west to east, from Milepost 0.18 west of Division Street to Milepost 0.88 at Henderson Street.

line of railroad. At page 6 of its Rebuttal Statement, Jersey City says, "The Fairfax Leary deed calls [the Harsimus Branch] 'a line of railroad.'" Again, at page 7, Jersey City maintains, "The Fairfax Leary deed is consistent with those [Appendix IX] track charts." And, at page 10, Jersey City alleges, "The Fairfax Leary deed quite clearly conveys exactly what we are discussing in this proceeding to Conrail as a 'line of railroad.'"

Jersey City seems to forget that USRA designated portions of the Harsimus Cove Yard to be conveyed by the United New Jersey Railroad and Canal Company to be operated by Conrail. See, page 12 of the Official Errata Supplement, dated December 1, 1975, attached as Exhibit 2. How does Jersey City believe the Harsimus Cove Yard properties were conveyed to Conrail? At page 18 of its Rebuttal Statement, Jersey City claims, "[The Harsimus Cove Yard] was excepted out of the Fairfax Leary deed." Jersey City is dead wrong. The Harsimus Cove Yard was conveyed by the Fairfax Leary deed. The United New Jersey Railroad and Canal Company valuation map of the Harsimus Cove Yard was Map No. V-1.01, ST-2. It was marked in the upper right hand corner as L.C. 1420, and a copy of the map was attached to the Fairfax Leary deed. Not even Jersey City, however, would suggest that the tracks within the Harsimus Cove Yard were designated by USRA's Final System Plan to be operated by Conrail as a line of railroad. In other words, not all of the property conveyed by the Fairfax Leary deed was designated by USRA's Final System Plan to be operated by Conrail as a line of railroad. Some of that property was excepted track, namely the track in the Harsimus Cove Yard, including the 6th Street Embankment.

At page 31 of its Rebuttal Statement, Jersey City finds itself in the internally contradictory position:

Almost all the land that was redeveloped on the waterfront [at the Harsimus Cove Yard] was either never part of Conrail, or was genuine side or spur track. But the line embodied in Line Code 1420 and the Fairfax Leary deed was not.

Again, at page 40 of its Rebuttal Statement, Jersey City acknowledges, “[M]ost of the property east of Former Henderson Street were either not owned by Conrail in the first place, or, like trackage serving Onyx Chemical, were comprised of what truly were spur tracks which indeed would not require abandonment authority [footnote omitted].” Whether the tracks in the Harsimus Cove Yard were side or spur tracks, as Jersey City calls them, or yard tracks, as we contend they were, is immaterial. The tracks were excepted tracks, as were those of the 6th Street Embankment, and, accordingly, could be abandoned by Conrail without the advance authorization of the Board.

What Jersey City can’t seem to comprehend is that the Fairfax Leary deed conveyed to Conrail not only the railroad line between Milepost 1.0 in Jersey City and Milepost 7.0 in Harrison designated by the Final System Plan to be operated by Conrail as a line of railroad but also spur, yard and other excepted track, including the track in the Harsimus Cove Yard and that along the 6th Street Embankment.³ The label used in identifying the property conveyed to Conrail by the Fairfax Leary deed did not make such property a line of railroad designated in USRA’s Final System Plan as a line of railroad to be operated by Conrail. The two were not coextensive.

³ At page 3 of its Rebuttal Statement, Jersey City falsely states, “The relevant deed to Conrail for ‘line code 1420’ shows the portion of the [6th Street Embankment] at issue here (Waldo to former Henderson Street) on the map pages for what appears to be MP 2 (showing Waldo Avenue) and MP 1 (Henderson) and clearly conveys the portion of the Branch involved here as a ‘line of railroad’ to Conrail [footnotes omitted].” As previously noted, the only valuation map which portrays the eight parcels of the 6th Street Embankment purchased by the Intervenor is Map No. V-1.01, ST-1, of the United New Jersey Railroad and Canal Company. The map shows Waldo Avenue to be at Station 0+00 or Milepost 0.0 and Henderson Avenue to be at Station 46+62 or Milepost 0.88. A copy of that map was not attached to the Fairfax Leary deed.

C. 1980's Traffic

Jersey City contends that, notwithstanding that a railroad line conveyed to Conrail by the estate of one of the bankrupt railroads was not designated by USRA's Final System Plan as a line of railroad to be operated by Conrail, if the line thereafter handled a significant amount of traffic, it would lose its excepted status and become a line of railroad which could not be abandoned except pursuant to the Board's authorization. Thus, at page 14 of its Rebuttal Statement, Jersey City argues:

Even if Conrail got the [6th Street Embankment] as something it could use as a line or not, or as something other than a "line," for ICC/STB abandonment purposes, Conrail's own use for the next ten years would have converted what is at issue in this proceeding into a line of railroad subject to abandonment requirements.

Jersey City's contention is directly contrary to the Board's Decisions in STB Finance Docket No. 34618, East Penn Railway, Inc.—Modified Rail Certificate, served December 21, 2004; STB Finance Docket No. 34369, Morristown & Erie Railway, Inc.—Modified Rail Certificate, served July 24, 2003; and STB Finance Docket No. 33722, Brandywine Valley Railroad Company—Modified Rail Certificate, served April 16, 1999, cited at page 7 of Intervenor's Reply Statement.

In its Rebuttal Statement, Jersey City completely ignored the cited decisions. It made no attempt to distinguish their holdings from the facts of the instant proceeding or otherwise try to establish that they are not controlling precedents.

Presumably, Jersey City felt it could disregard the Board's decisions as "irrelevant, immaterial, misleading, or pure conjecture or raw assertion unsupported by evidence or directly belied by law or contemporaneous documents", as, at pages 5-6 of its Rebuttal Statement, Jersey City flippantly dismisses the arguments, testimony and exhibits of Intervenor's Reply Statement to which Jersey City was at a loss to find a response.

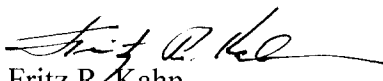
WHEREFORE, Intervenor, 212 Marin Boulevard, L.L.C., 247 Manila Avenue, L.L.C., 280 Erie Street, L.L.C., 317 Jersey Avenue, L.L.C., 354 Coles Street, L.L.C., 389 Monmouth Street, L.L.C., 415 Brunswick Street, L.L.C. and 446 Newark Avenue, L.L.C., ask the Board to find and conclude that the right-of-way extending between Waldo Avenue and Luis Munoz Martin Boulevard in City of Jersey City most recently held spur, switching, yard or other excepted tracks the abandonment of which could be effected by Consolidated Rail Corporation without the advance authorization of this Board, pursuant to 49 U.S.C. 10903, and that, therefore, the 2005 sale by the railroad of the eight parcels of property to the Intervenor was proper and lawful.

Respectfully submitted,

212 MARIN BOULEVARD, L.L.C., et al.

By their attorneys,

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Dated: May 23, 2006

EXHIBIT 1

rights that support such activity are not crucial since the very fact that a railroad has operated along the rail line for years is evidence that it possesses enough rail properties to support its operations. And the Act, of course, contemplates the transfer of such properties.

Under section 303(b) of the Act, the railroads in reorganization will convey all their right and interest in rail lines designated for transfer free and clear of any liens and encumbrances. This makes unnecessary, at least for designation and conveyance purposes, the large expenditure of time and money required to survey the land and search title records.

National, state and local needs are best served by honoring existing utility easements, crossing agreements, trackage right and other operating and joint facility agreements insofar as they relate to the particular property designated. These arrangements are therefore generally preserved in the designations under the FSP. It is not intended by these designations, however, to foreclose in any way the exercise by any designee of any termination or renegotiation rights pertaining to such agreements whether arising through operation of law or from the agreement itself.

Inventory of Rail Lines and Related Facilities.—The estates' valuation and real-estate records did not provide a basis for developing an inventory of the railroads' rail lines adequate for USRA's use.

The most complete existing inventory was found to be the Penn Central Engineering Department records, which assign a unique four-digit code, called a line code, to each individual railroad line. Using this system as a basis, USRA and its consultants developed unique line code designations for lines of the other railroads under study which could be easily used with the Penn Central's system.

The line-code descriptions then were compared with existing reference tools, including track charts, valuation maps, United States Geodetic Survey maps, operating timetables and interlocking diagrams.⁴⁰ In some instances physical inspections were used to verify these descriptions. The most useful tool was the railroads' track charts which depict the route of each line of railroad including milepost⁴¹ locations, highway grade crossings, grade crossings with other lines of railroad, connections to other lines of railroad, overhead bridges and other engineering data.

USRA created a computerized file ("User File") listing each individual line of railroad for each estate and showing line-code designations as contained in the Penn Central's Engineering Department records or as design-

nated for other railroad lines,⁴² including origin and destination (by milepost, geographic reference and branch name). Milepost and line-code locations have been recorded for most facilities installed along the rail line and have been correlated with the User File. While this data base represents a more complete inventory of the estates' rail lines than previously existed, it is not perfect and does not purport to contain a complete inventory of facilities and buildings along the rail lines.

Milepost designations are not always precise and, therefore, milepost designations in the appendix are necessarily approximate. The valuation maps generally reflect historical designations which were made when the lines were built. Through the years, portions of lines have been relocated, and mileposts on some lines have been renumbered. Milepost designations contained in the track charts do not always correlate with the valuation maps, although these discrepancies have been minimized to the extent possible. Further, milepost designations in operating timetables may not always reflect either track charts or valuation maps, particularly where two formerly separate lines are now used as a part of one through route. And, in a few instances, the physical mileposts on the ground may not correspond to any of the above records. There also may be instances where a few small lines now operate as a part of a yard or as an industrial track and may not have been assigned a unique line code.

Designation of Rail Lines.—This FSP designates for transfer to ConRail, for offer to profitable railroads, for acquisition by Amtrak and for option to transportation authorities, the rail lines along the routes specified respectively, for operation by each in Chapter 1, "Industry Structure", and Chapter 2, "Passenger Service."

Unless otherwise specified, each such rail line includes all rail properties (as defined in section 102(10) of the Act) connected with, controlling or in any way pertaining to or used or usable by the designee in connection with the rail line designated including, but not limited to, minerals and mineral rights, franchises, permits, certificates of convenience and necessity, connecting spur and storage tracks, land,⁴³ grading,⁴⁴ tunnels and sub-

⁴² The line codes originally used for Penn Central are those which existed as of January 1, 1974. In a few cases, Penn Central subsequently changed those code designations; however, the USRA data base used the same line code number under which the line was studied originally. Further, in some specific instances, USRA revised line codes in creating its computer data base to accommodate a few unique circumstances.

⁴³ Land means such properties which can be carried in Account 2 and includes land, roadway, office, shop, and other grounds; for ingress to or egress from such grounds; for borrow pits, waste banks, snow fences, sand fences, and other railway appurtenances; and for storage of material adjoining the rail line; land for wharves and docks and the riparian or water rights necessary therefore.

⁴⁴ Grading means such properties which can be carried in Account 3 and includes berm ditches, breakwaters, bulkheading, dikes (including those of eastern construction which are intended to function indefinitely), ditches, dressing slopes, excavation for conversion of tunnels into open cuts, filling, grading outfits, grubbing land, material taken from borrow pits, retaining walls, revetments, riprap, spoil banks, temporary trestling for fills, tools for grading, and wing dams.

⁴⁰ Interlocking diagrams are detailed maps showing all lines of railroad and switches associated with an interlocking. An interlocking is a switch or group of switches interconnected and signal controlled to allow the passage of trains from one track to another in proper sequence.

⁴¹ Mileposts are number markers placed approximately every mile along the line which denote the distance from a given location—usually a former key passenger station.

EXHIBIT 2

Passenger Service Locomotives—An option (described in Chapter 8) to purchase transferors' interests in passenger service locomotives, except:

- such equipment under leases not meeting lease designation standards, and
- such equipment designated for offer to the Chessie.

Work equipment—Transferors' interest in work equipment except:

- that offered to Chessie, and
- such equipment under leases not meeting lease designation standards.

Roadway machinery—Transferors' interest in roadway machinery except:

- that offered to Chessie, and
- such equipment under leases not meeting lease designation standards

Miscellaneous equipment—Transferors' interest in miscellaneous equipment except:

- such equipment under leases not meeting lease designation standards,
- that equipment offered to Chessie, and
- those vehicles related to continued administration of the transferor,

Materials, supplies and administrative assets—Transferors' interests in materials, supplies and assets, including offices, warehouses, supplies, records, contract rights and other intangible and fiscal assets are offered and allocated as described in chapter 8.

Exceptions and Additions

To the extent indicated, the designations from each of the transferors whose names appear in the part of this section which follows vary from the general designations.

The following are excepted from the rail property transfers of the listed transferors:

Yards—Transferors' interest in only portions of the following yards are designated to ConRail, as outlined in the Final System Plan Map Compendium available at the Public Information Office of the Association:

Transferor	Yard
Connecting Railway Co.-----	Grogan Yard, Columbus, Ohio. "A" and "B" Yard, Columbus, Ohio.
Philadelphia, Baltimore & Washington RR Co.	59th Street, Chicago, Ill.
United New Jersey RR & Canal Co.	Greenville Yard, Greenville, N.J. Harsimus Cove Yard, Jersey City, N.J.
Central RR of New Jersey-----	E-Port Yard, Elizabeth, N.J.

Transferors' interest in all of the following yards are not designated to ConRail:

Transferor	Yard
Canada Southern Railway Co.---	Victoria Yard, Ft. Erie, Ontario.
Penna. Tunnel & Terminal R.R. Co.	New Lots Yard, New York, N.Y.
Philadelphia, Baltimore & Washington R.R. Co.	Effner Yard, Effner, Ind.
Pittsburgh, Ft. Wayne & Chicago Railway Co.	"C" and "D" Yard, Columbus, Ohio.
Pittsburgh, Youngstown & Ashtabula Railway Co.	12th Street Yard, Chicago, Ill.
Penndel Company-----	Girard Yard, Girard, Ohio. Austinburg Yard, Austinburg, Ohio. Southport Yard, Elmira, N.Y.

The portion transferred to ConRail of any yard transferred from the Chicago River and Indiana R.R. is limited to that needed to sustain ConRail operations.

The following additional rail properties of the transferors listed are designated for transfer to ConRail.

Transferor

Canada Southern Railroad Co.
Detroit River Tunnel Co.
Niagara River Bridge Co.
Michigan Central R.R. Co.
St. Lawrence and Adirondack Ry. Co.

The rail properties in Canada owned by the St. Lawrence and Adirondack Railway, the Canada Southern Railroad Company, the Detroit River Tunnel Company, and the Niagara River Bridge Company which are designated in fee to ConRail are subject to the following alternative designation: If it should be determined that the transfer of properties owned and located in Canada designated in the FSP cannot be effected under the Act, then the stock and leasehold interest of PCTC in the St. Lawrence and Adirondack Railway, the stock and leasehold interest of PCTC and Michigan Central in the Canada Southern Railroad Company and Detroit River Tunnel Company, the leasehold interest of Penn Central and the stock interest of Canada Southern (if permitted by law) in Niagara River Bridge Company are designated for transfer to ConRail.

Mahoning Coal R.R. Co.

The transferor's interest in the Lake Erie & Eastern Railroad.

Michigan Central Railroad

The transferor's stock interest in the following corporations:
Detroit Terminal Railroad
Toledo Terminal Railroad.
Indiana Harbor Belt Railroad

Peoria & Eastern Railway Co.

The transferor's stock interest in the Peoria & Pekin Union Railway.

Indianapolis Union Railroad

The transferor's leasehold interest in the Indianapolis Belt Railroad.

Norwich & Worcester Railroad Co.

The designation to ConRail of rail properties of the Norwich & Worcester Railroad Co. is subject to the condition that, if within 60 days of the effective date of the FSP, the Norwich & Worcester provides for continuity of operations by entry into an agreement with another railroad for sale or operation of the designated properties, the designation to ConRail will not be effective.

Both the designation to ConRail and the designation to Providence & Worcester of rail properties of the Norwich & Worcester Railroad Co. are subject to the condition that if within 60 days of the effective date of the FSP the Norwich & Worcester has presented to USRA a sound plan to operate the rail lines designated on and after conveyance date, which would maintain the same service coverage as the designations would provide, then these designations will not be effective.

Manor Real Estate

The transferor's interests in all rail properties in Buckeye Yard.

Philadelphia, Baltimore & Washington Railroad Co.

Transferor's interest in the stock of the following corporations:
TRRA of Saint Louis
Pittsburgh, Chartiers & Youghiogheny

An option (described in Chapter 8) to purchase Transferor's interest in the stock of Washington Terminal Co. An option to purchase Transferor's interest in a trust agreement relating to the Ivy City Yard (also known as the Joint Coach Yard in Washington, D.C.)

The Transferor's interest in the Wilmington Heavy Repair Shop adjacent to the Edgemoor Yard.

Cleveland, Cincinnati, Chicago and St. Louis

The transferor's leasehold interest in the Central Railroad of Indianapolis.

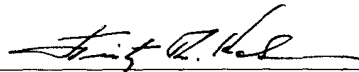
Pennsylvania Truck Lines

The Transferor's interest in all highway revenue equipment leased from Excelsior Truck Leasing Corp., subject to the lease designation standards described in Chapter 8; all franchises, licenses and other operating authorities, and an option to acquire other Pennsylvania Truck Lines interests in other equipment, assets, rights, and properties used or useful in operations pursuant to such authorities, and option limited, however, to those used or useful in connection with operations to be conducted by ConRail.

CERTIFICATE OF SERVICE

I certify that I this day served the foregoing Reply upon the Petitioners, City of Jersey City, Rails to Trails Conservancy, Pennsylvania Railroad Harsimus Stem Embankment Preservation Coalition and New Jersey State Assemblyman Louis M. Manzo, and upon the Respondent, Consolidated Rail Corporation, by faxing and by mailing by prepaid first class mail copies thereof to their respective counsel, Charles H. Montange, Esq., and Robert M. Jenkins, III, Esq.

Dated at Washington, D.C., this 23rd day of May 2006.



Fritz R. Kahn